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Attorneys for USA Commercial Mortgage Company

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, <div style="text-align: right;">Debtor.</div>	Case Nos. BK-S-06-10725 LBR Case Nos. BK-S-06-10726 LBR Case Nos. BK-S-06-10727 LBR Case Nos. BK-S-06-10728 LBR Case Nos. BK-S-06-10729 LBR
In re: USA CAPITAL REALTY ADVISORS, LLC, <div style="text-align: right;">Debtor.</div>	Chapter 11
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	Jointly Administered Under Case No. BK-S-06-10725 LBR
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	<b>SUPPLEMENTAL DECLARATION OF ROBERT E. KOE REGARDING MOTION TO SELL ALL COMMERCIAL MORTGAGE ASSETS OF DEBTOR USA COMMERCIAL MORTGAGE COMPANY IN THE PLACER VINEYARDS LOANS</b>
In re: USA SECURITIES, LLC, <div style="text-align: right;">Debtor.</div>	
Affects: <input type="checkbox"/> All Debtors <input checked="" type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	
Date of Hearing: N/A Time of Hearing: N/A	

I, Robert E. Koe, hereby declare, verify and state as follows:

1. I am a Director of Mesirow Financial Interim Management, LLC (“Mesirow”). I work closely with Thomas J. Allison, who is also employed by Mesirow, and who was approved by the Bankruptcy Court to be the Chief Restructuring Officer of Debtor USA Commercial Mortgage Company (“USACM”). Mr. Allison is also the President of USACM.

2. I make this Declaration in order to address certain inaccurate statements made by Sierra Liquidity Fund, LLC (“Sierra”) and its employee, Scott D. August, in connection with USACM’s *Motion To Sell Under Section 363 All Commercial Mortgage Assets of Debtor USA Commercial Mortgage Company in the Placer Vineyards Loans to Compass USA SPE, LLC* (the “Motion”) filed March 9, 2007 [Docket No. 3037]. Although USACM now has withdrawn the Motion (see Notice of Withdrawal filed April 11, 2007 [Docket No. 3424]), I believe it is important to correct the record regarding the inaccurate statements Sierra and August have made that they allegedly derived from communications between me and Sierra.

3. In the *Response to Clarify Terms and Conditions of [Sierra’s] Bid for Placer Vineyards Commercial Mortgage Assets and Term Sheet* (“Sierra’s Response”), which was filed by Sierra on April 2, 2007 [Docket No. 3326] in connection with the Motion, Sierra asserted as follows:

Sierra’s premise regarding *Compass’ intended mal or misfeasance* is founded on discussions that Sierra has had with former employees of USACM and Mesirow Financial who are now employed by Compass (Mark Olson and James Reed), *conversations with professionals at Mesirow Financial (Robert Koe) and Ray Quinney & Nebeker P.C. (Steve Strong)*, conversations the Lender Protection Group has had with Compass, and the Compass Press Release dated February 16th, 2007 whereby Compass stated that the actual value of the assets purchased from USACM and the USA First Trust Deed Fund, LLC are worth more than \$150 million (See Exhibit A).

Sierra’s Response at 4 (emphasis added). I am concerned that this statement was intended by Sierra to create the false impression that I had discussions with someone from Sierra “regarding

Compass' intended mal or misfeasance." I have no reason to believe that Compass has engaged or will engage in any "mal or misfeasance" in servicing the loans formerly serviced by USACM, and I certainly have never communicated to any representative of Sierra that I held any such belief.

4. Even more troubling to me is the blatantly false statement contained in the *Declaration of Scott D. August, CFA of Sierra Liquidity Fund, LLC's Response* ("Scott August Declaration") filed by Sierra on April 2, 2007 [Docket No. 3328]. Mr. August makes the follow statement, under oath, in his Declaration:

Sierra has had conversations with each of the following individuals who have verbally confirmed Compass' position regarding Compass' alleged priority of default interest and late fees:

- Mark Olson – former Chief Operating Officer at USA Commercial Mortgage Company, now employed by Compass Financial Partners

- James Reed – formerly employed by Mesirow Financial, now employed by Compass Financial Partners

- Robert Koe – currently employed by Mesirow Financial. *To Mr. Koe's credit he stated to Sierra that he believes he was fooled by Compass and is shocked that they are trying to assert a senior right to default interest and late fees.*

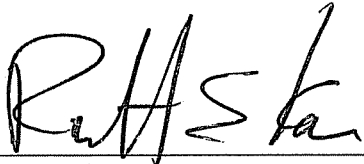
...

Scott August Declaration, ¶ 21 (emphasis added). I never made the statement that Mr. August attributes to me in paragraph 21 of his Declaration. Further, I have no reason to believe that I was "fooled" by Compass and no reason to be "shocked" that Compass is "trying to assert a senior right to default interest and late fees." This statement by Mr. August is a complete fabrication. I do not know what Compass's approach as loan servicer will be regarding default interest and late fees that are owed in connection with loans Compass is now servicing that were previously serviced by USACM, and I certainly have never communicated to Mr. August or

anyone else at Sierra that I knew what Compass's approach would be or that I was "fooled" or "shocked" by Compass's approach, whatever it may be.

5. I declare under penalty of perjury that the foregoing statements are true and correct according to my best knowledge, information and belief.

Executed this 19th day of April, 2007.

  
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Robert E. Koe

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